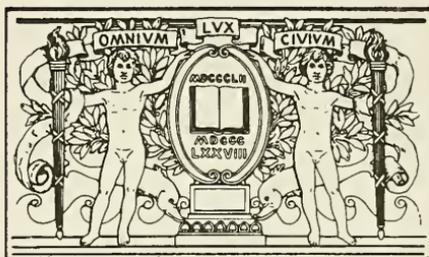


THE
SOUTH AMERICAN WAR
AND THE
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NEW YORK:
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NECESSITY OF A TREATY OF PEACE TO END THE WAR ON THE PACIFIC COAST.

The state of open hostility, of war without battles, in which have remained the Republics of Chile on the one hand and Peru and Bolivia on the other, cannot and should not continue indefinitely. Justice, humanity and civilization alike condemn such a course. The great need of a definite agreement having in view the interests of each of these countries, is felt the more, as on the settlement of their differences are involved important privileges granted to citizens of foreign nations.

We propose to briefly set forth here, the basis upon which a settlement might be arrived at, considering the rights of all, together with the results of the war, which we believe would be productive of a lasting and recuperative peace.

In endeavoring to fix the responsibility of the vanquished, and in pointing out the end which the conqueror sought, it is impossible to lose sight of the causes which brought on the war. Nor can we overlook the condition of the contestants after victory has given the conqueror the privilege to dictate terms which, he should never do, in violation of the principle and safeguards which civilization accords the vanquished.

To secure a treaty of peace, but above all things, to make it an honorable, lasting and beneficial one to the parties concerned, all the hatred and the cupidity must be overcome and for them, substituted the noble inspiration of justice and right.

Animated by these feelings we do not think it a difficult matter to point out the means of putting an end to the contest between the nations on the Pacific coast.

Guided wholly by simple truth and impartiality, let us look at the facts, that from them we may draw the conclusions.

What was the origin, the cause, of the war between Chile, and Peru and Bolivia? It was simply because of the refusal on the part of Bolivia to abolish within the limits of her territory a tax of ten cents per quintal (100 lbs.) levied on saltpetre shipped from her ports, a tax which Chile claims to be in violation of existing treaties. In the course of the diplomatic correspondence which arose from such claim, Chile, without intimation or previous declaration of war, surprises the Bolivian ports and declares that she *resumes* possession of such territory and she has seized, thus taking advantage of the weakness and confidence of her incautious

neighbor. But the real incentive to such proceeding was the desire to control the saltpetre and other mines lying on the Bolivian coast.

The Chilians knew that Peru would not remain a passive spectator of this *coup de main*, and that it would be regarded by her as a threat against her safety ; hence we find Chile declaring war against that republic on the pretext of a treaty of alliance said long to exist between Peru and Bolivia. Once on the aggressive, Chile put forth all her energies to secure the rich spoils, bombarded and destroyed Peruvian ports while engaged in the work of establishing a government of her own along the coast of Bolivia.

The fortunes of war did not favor the invaded people. Chile had been accumulating large quantities of war material for some time, in the expectation of a possible complication with the Argentine Republic, while Bolivia and Peru, confident in the friendly relations then existing with their neighbors, were wholly unprepared to meet the sudden and unexpected attack of Chile. The fall of the city of Lima was the last of a series of victories won by the Chilean armies and their flags are seen to-day waving over every tower in the capital.

At the commencement of this war, which has cost so many victims and caused so much suffering, aside from the injury done to commerce and to the development of those countries, it was alleged by the Chilians that their aim was simply to restore her diplomatic affairs with Bolivia to the state in which they were previous to the treaties of 1868 and 1876 ; but at the same time we see her seizing the coast of Bolivia and invading Peruvian territory.

Now that her successes have surpassed her most sanguine expectations her pretensions have increased to a most alarming degree, and puffed up by her easy victories she constitutes herself the arbiter of the destinies of Peru and Bolivia, claiming as hers, everything which her stump speakers may please to ask. She has completely lost sight of her declaration that her only aim was to enforce the existing treaties with Bolivia.

We may now ask, what excuse could she have that would justify her boldness in depriving Bolivia of her sea coast and in parcelling out the greater part of Peru ? If conquest was her aim, let her frankly acknowledge it, and then we may have an opportunity of learning the judgment and attitude of the other South American Republics and all civilized nations who, we have no doubt, will remind her that we no longer live in the seventeenth century.

We must here make a slight digression from our subject to answer the argument of those who uphold this policy of violence, and who are trying to justify the Chilian conquests. They state that after the late Franco-German war, France gave up to Germany two of her large provinces, and that if France gave up Alsace and Lorraine, there is no reason why the allied Republics of the Pacific should not receive a like treatment. Those who reason in this manner must necessarily confound facts which are essentially of a different nature.

In the Franco-German conflict it was not Germany who provoked the struggle, she simply accepted it. Napoleon III. in order to sustain his dynasty had already brought on more than one war in Europe ; he was alone responsible for his new venture, in which he sunk his crown and the military prestige of France. Germany, in demanding the surrender of Alsace and Lorraine claimed provinces which once belonged to her, and only as a guaranty of future peace against a powerful and warlike neighbor, and by reason of the strategic importance of Metz and Strasburgh. When did this part of Bolivian territory which Chile has seized ever belong to her? Have either Peru or Bolivia ever manifested a desire to usurp any part of Chilian territory, or are they of nature so aggressive that without it, Chile could not feel secure.

It is well known that Chile has never had any right to claim any part of the Bolivian or Peruvian coast, and it is equally well known that she cannot accuse the latter countries of a desire for conquest nor any attempt to make of the deserts of the Bolivian coast, points of military importance.

The parallel sought to be established is of course ridiculous. By the possession of these provinces, Germany has awakened eternal rancor on the part of France, and for her protection she is now obliged to support a large army which undermines her vitality and weighs heavily upon her population.

The idea of conquest in republican countries is too preposterous and repugnant to merit even the honor of discussion ; conquest and democracy are antagonistic terms, and, proceeding to the further examination of this subject, we find that had Chile subdued her antagonists in reality, destroying every element of resistance and taken possession of the two countries entirely, and upheld by the supreme law of power, she might, perhaps, have disregarded the reprobation of the world and carried safely through her plan of annexation. But, notwithstanding her successes, she is very far from it.

It is known that Bolivia possesses all the elements of resistance and has, at the present time, more troops than she had at the commencement of the struggle. Peru, although divided by factions, is able to raise a large army and is disposed to carry on the war to the last extremity.

It is true that Chilian troops hold the towns on the coast ; but the interior of Peru and Bolivia are free from her soldiers and challenge the invader to penetrate and give them battle. How can Chile pretend that her antagonists are annihilated? Ten months have now elapsed since the fall of Lima, and yet the Chilian successes have produced no other result than the temporary occupation of the coast line. It is evident that the Chilians are unable to advance to the Peruvian centre of resistance, much less to that of Bolivia. Their hold upon the conquered territory becomes daily more difficult and weaker, while the condition of the allied armies improves and their ranks swell with fresh recruits. This anomalous

lous state of the contestants, if allowed to continue indefinitely would be injurious to both sides, hence, the solution becomes more and more a necessity and must be reached by the force of circumstances. In the present state of social relations, civilized countries have a community of interests so close, that it is wrong that the uncertainty and insecurity arising from a state of war should extend beyond the time necessary to carry on the same for the decision of the dispute. The time has arrived in which a settlement ought to be made, that will secure in future that peace and friendly intercourse which should never be interrupted among nations of like origin and like destiny.

The exaggerated pretensions of Chile ; the rancor awakened by a war carried on with the most savage arbitrariness ; the inability of Chile to accomplish in a permanent way her attempt at conquest ; and the determination of Peru and Bolivia to maintain their territorial integrity ; demand the intervention of a third power sufficiently strong to inspire confidence as to an impartial arbitrament and guarantee the execution of the treaty thus negotiated.

Bolivia and Peru have already selected as a mediator—and Chile has made no objections—the only power capable of affording in this affair, an impartial, formal, and benevolent co-operation towards an amicable settlement. We mean the government of the United States.

Without investigating into the means by which the press or the government of Chile obtained possession of the original draft of the document which, according to the newspaper "*El Mercurio*" of Valparaiso (Chile), had been submitted to the consideration of the American government by the Bolivian representative at Washington, and granting that such document does really exist, we must say that, in our opinion, it presents the most rational and satisfactory manner of ending the war on the Pacific coast.*

There is only one allegation that Chile could offer for retaining possession of the Peruvian and Bolivian coast, and that is her right to a war indemnity ; but this contingency is provided for in the above mentioned document. The statistics appended to it demonstrate in an incontrovertible manner that the guano deposits and saltpetre in Peru and Bolivia are sufficiently ample not only to pay an indemnity, however exorbitant, but to leave a surplus large enough to meet their present obligations and to pay personal claims for damages by the war.

The organization of a company provided with ample means guaranteed by the United States, is the best security which the allied republics can offer. Will the United States consent to be the arbitrator and mediator ? Were we to harken to the counsels of sound policy and at the same time think of the impuise which its action in the present case would give to the commerce of this country, we would say that the United States would, no doubt, perform this good office.

* See the Appendix

If the Monroe doctrine is not a mere phrase without practical meaning ; if the desire to increase and extend the commercial and industrial interests of the United States without abandoning its policy of peace and harmony with the rest of the world, is to be gratified or carried into effect on the South American Continent, we think that the Great American Republic could not treat with disdain the call made in a trying hour of their political life by a people whose tendency is towards her ideal of democracy.

The policy of non-intervention and reserve in regard to European complications or foreign wars, manifests her determination to maintain peace in order to promote the welfare of the American people keep them free from the influence of European diplomacy, the motives of which are far from being those which lead towards, improvement and happiness. But non-intervention does not mean that a nation should become a nullity. With a territory reaching from ocean to ocean, with a population of 50 millions, with extensive commercial and industrial interests increasing daily, such a nation cannot be a non-entity. Her constitution, emblem of democratic and liberal principles, contains certain of these principles which, in their nature, are cosmopolitan ; proclaiming in a superlative degree the individual and political personality of men and nations. They recognize right and justice as the foundation of all government, and as the source of all authority. Hence, they condemn force, violence, conquest, and every outrage.

Inspired by these principles, the American people never hesitated to offer their power, their riches, and their blood to abolish slavery at the South.

A people whose life and development are under the protection of democratic doctrines, freely and truly practiced, could not without abjuring the very basis of their constitution, remain indifferent to events, the importance and transcendency of which cannot be ignored. The nation, which, by her protest, caused the withdrawal of the French troops from Mexico, and which, by solemn treaties has guaranteed the *integrity and independence of Colombia* ; and solemnly declared that America could not tolerate any but American intervention on the American continent ; where the people have recovered their right of self-government, which in the old world they were deprived of by force and monarchical institutions, cannot to-day deny her counsel and influence for the preservation of the integrity of two republics, keeping in view all just claims on the part of the conqueror.

In the plan of settlement referred to above, the United States are not asked to become the champion of either belligerent, but to protect American capital which should be invested in working the Saltpetre mines and Guano deposits of Bolivia and Peru respectively. It would be policy on the part of the U. S. to afford such protection, as it would do away with every pretext for European intervention, and be the best means of promoting and extending commercial transactions with the Republics on the Pacific Coast.

A company of American capitalists (under the protection of the government) that would take upon itself the management and working of all the guano and saltpetre of Peru and Bolivia, would make New York, or any other commercial city of the U. S. the financial centre of the two Republics, for it would become the point of distribution to the world of two articles of prime necessity to agriculturists. The United States and not England and France, New York, or Boston, and not London nor Paris, would then be points at which the exchanges would be made of the millions produced annually in guano and saltpetre, the two principal products of those countries.

If, at the present time, Peru and Bolivia import largely from London or Paris, it is not because European products are preferred to American, nor because the latter are dearer; but because the sales of guano and saltpetre are in the hands of European houses who receive the proceeds and place them to the credit of those countries. Change the distributing depot of these two valuable articles and you secure all the other advantages alluded to.

The manufactures of the United States would then take the place of the European and be exposed for sale in every establishment of Peru and Bolivia.

To purchase goods from New York, the South American merchant has to buy exchange on London or Paris and then discount before he can use his funds. Should New York become the distributing depot for the guano and saltpetre, the exchange would be bought on New York directly, and thus the situation would be changed completely, and those desiring to purchase goods in London or Paris would receive drafts on New York. And once the course of trade established between those countries, who can doubt but the increase would compensate the United States for its action in the present crisis, and that its commercial supremacy would be permanently and solidly secured?

The means by which the commerce between nations is promoted is by mutual exchange of their products, not by subsidies granted by the governments, nor any other artificial means. South America produces the raw materials, and, as a matter of course, purchased her goods where she found a market for them. The United States, therefore, will never get their share of this trade unless South America finds here a market for her products. Besides, the republics of the Pacific coast offer a vast field to Yankee enterprise and energy, and, by a closer intimacy with them, American capitalists would find there many opportunities for profitable investment. If our information is correct, there is to-day a large amount of American capital invested in the mines on the mountains of Bolivia.

The pacification of those countries will then be firm and permanent, and the sad epoch of revolution and disorder would be succeeded by a period of reaction such as that through which Mexico

is now passing, in the endeavor to emulate her powerful neighbor on the north.

The United States will, we think, consent to act as arbitrator and help to restore, to *right and justice* the respect they should command in the Southern part of this continent, and, at the same time secure the commercial supremacy which her geographical position and her means now place within her grasp.

Her action would mark an era of regeneration and progress which cannot but give her the lustre derived from a well discharged duty, and command the approbation of all right minded people.

The peace, happiness, and prosperity of the South American Republics thus secured, would be the noble continuation of the work, which Washington left to the world as a model—that of establishing on a firm footing, true democratic principles throughout the American continent.

P. S.—The latest news received by cable, by steamer, and those we cull from the journals of the Pacific coast in regard to the war between Chile and her neighbors, present very sad pictures of terrorism practiced by the invader, in the shape of wholesale executions and the bringing out in procession through the streets of Lima the corpses of the victims, together with other scenes which remind us of the days of September, '93, in France. Such terrible and sickening excesses have awakened the indignation of all the nations of South America and they now begin to realize the danger involved in the destructive policy of Chile. They see, with some uneasiness, that Chile has not only forgotten her chief aim in the war—the “revindication” of the territory of Bolivia to the twenty-third parallel of south latitude, and that, not only has she abjured precedents established by herself, submitting to the bombardment of Valparaiso by the Spanish squadron, rather than accept the doctrine of conquest; but, crazed by her good fortune, is now trying to pitilessly destroy her antagonists.

Such state of affairs have induced the offer of mediation by the Argentine Republic and the Empire of Brazil, both of whom have important commercial interests in Bolivia. These are the railroad in course of construction from the city of Tucuman to the southern part of Bolivia and the proposed railroad from the Madeira to the rich sections, the Beni and the Santa-Cruz departments.

Countries, such as Peru and Bolivia, of immense resources, capable of great development cannot be wiped out by violence and the bayonet.

The American press, also, begins to regard with concern the iniquities arising from the war, and, with but few exceptions, would gladly see the United States take immediate action to settle the difficulty.

The plan for the proposed treaty which has been published in the papers of Chile, Peru, the Argentine Republic, Uruguay, etc., if its existence is authentic, does away with the scruples of the few journals who advocate a policy of non-intervention ; as the United States in lending their protection to American capital would simply be exercising a right and in no way could such action interfere with the arrangements for a treaty of peace between the contending parties.

(From "El Mercurio," Valparaiso, Chile.)

DOCUMENT No. 1.

PROJECT.

ARTICLE I.—A Company shall be formed in the United States of capitalists to work and manage the Guano and Nitrate deposits of Peru and Bolivia. The amount of capital and the organization of the company to be approved by the Governments of Peru, Bolivia and Chile.

ARTICLE II.—The three Governments shall surrender to the Company for the term of—years the exclusive and entire control of the Guano and Nitrate business in the territories claimed and now occupied by Chile, as well as any other deposit not claimed, and guarantee the undisturbed occupation of them to the Company.

ARTICLE III.—The Government of the United States shall guarantee that the Company shall enjoy undisturbed possession of such acquisitions as are mentioned in the treaty made.

ARTICLE IV.—From the proceeds of the Guano and Nitrate the company shall retain the sums indicated in the contract and apply the balance, in the proportions arranged in the treaty to be signed by Peru, Bolivia and Chili :

- 1st. To the payment of the indemnity according to the treaty.
- 2nd. To pay the nitrate certificates.
- 3rd. To the payment of the Peruvian foreign debt.
- 4th. To the expenses of the Peruvian Government.
- 5th. To the expenses of the Bolivian Government.

ARTICLE V.—The company shall establish its agencies in the different markets, administer the income from the Guano and Nitrate, and dispose of both these articles within the limits to be afterwards settled. But all the operations of the company shall be subject to periodical reports and inspection.

ARTICLE VI.—The contracting company shall have power to capitalize (in the form of a public loan), the Indemnity and Nitrate certificates ; and if the company consider it expedient, the loans of 1870 and 1872 may be consolidated in one.

The interest, funding, cost of issue, commissions, etc., shall be arranged by the three governments.

If a loan is negotiated Chile shall be paid at once the total amount of the indemnity, and shall then renounce all claims upon the Guano and Nitrate deposits in the territories of Peru and Bolivia, controlled by the company. But the obligation of Chile to insure the peaceful possession by the company of the Guano and Nitrate deposits shall always be binding.

WASHINGTON, D. C., February 18th, 1881.

DOCUMENT No. 2.
FINANCIAL STATEMENT

	TONS.
Annual production of Peruvian Guano,	350,000
“ “ “ “ Saltpetre,	275,000
“ “ “ Bolivian “	60,000

Total cost of Guano delivered in Europe to buyer	
per ton	£ 4 10s.
Selling price in Europe per ton,	12
Cost of Saltpetre delivered to buyer in Europe,	
per ton	9
Average selling price of Saltpetre for the last 10	
years	14 14

The foregoing statement shows a profit per ton of Guano	
of £7 10s., or on 350,000 tons annually	£2,626,000
Profit on 350,000 tons of Saltpetre annually at the rate	
of £5 14s. per ton	1,909,000

Total yearly income £4,534,500

From this amount deduct $7\frac{1}{2}$ per centum, as profits for	
the company and the contractors and for all con-	
tingencies, on a gross value of £4,200,000 in Gua-	
no and £4,924,500 in Saltpetre,	684,337

The yearly net income obtained is £3,850,000

DEBTS.

War indemnity	£ 6,000,000
Saltpetre Certificates	4,000,000
Total	£10,000,000

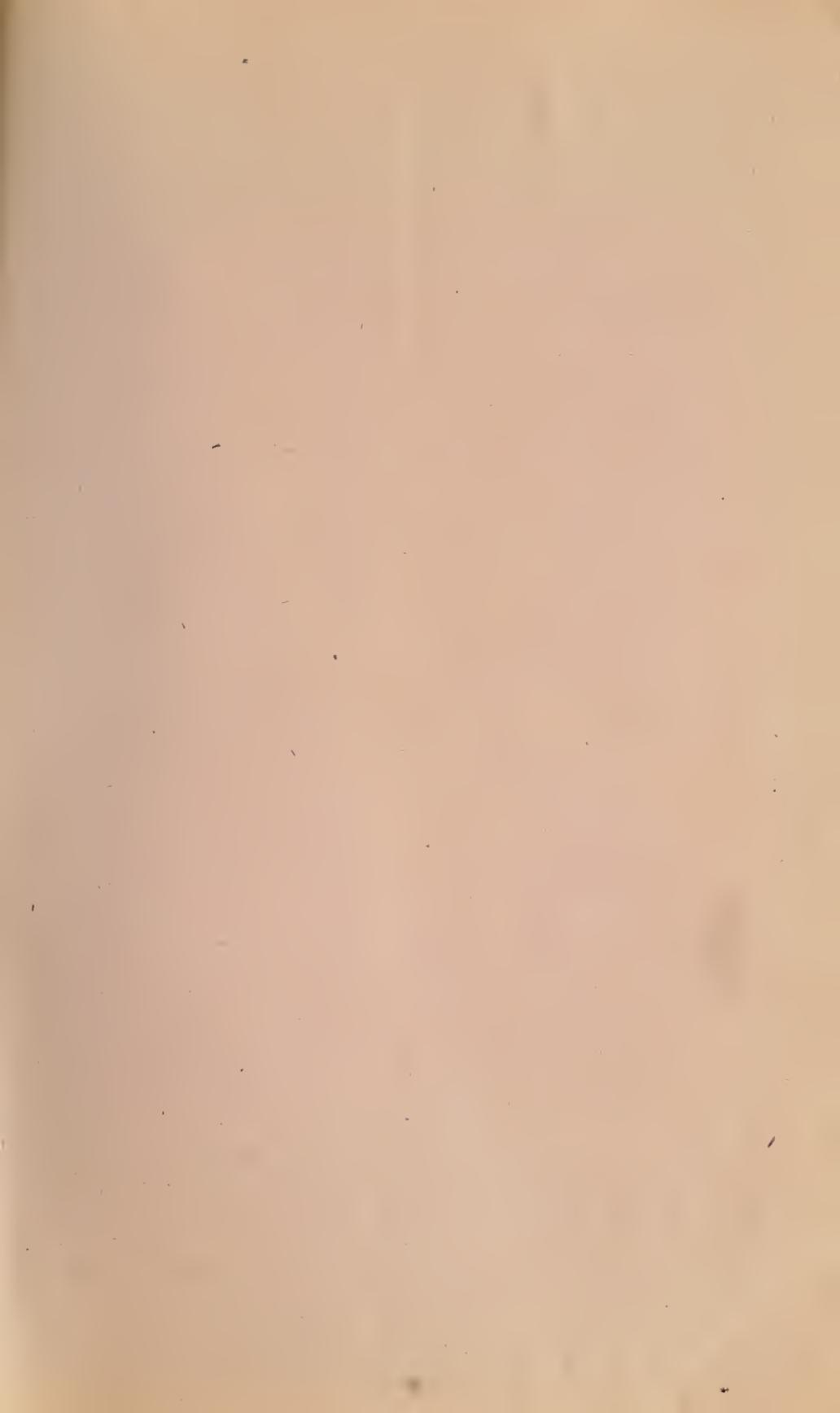
Let us suppose that a loan of £14,000,000 be nego-
tiated to pay the War indemnity and the Saltpetre
certificates with discounts and commissions.
Five per cent. interest and one per cent. sinking
fund absorbs annually 660,000

The net yearly income is stated at	3,850,000
Subtracting the annual service as demonstrated	660,000

Leaves the net sum of £ 3,190,000

Applicable to the loans of 1870 and 1872 and to the expenses of
the governments of Peru and Bolivia.

WASHINGTON, D. C., February 18th, 1881.



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